

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6370

BILL NUMBER: HB 1096

NOTE PREPARED: Dec 8, 2012

BILL AMENDED:

SUBJECT: Health Facility Nursing Staff Ratios.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes and specifies minimum direct care nursing staff ratios and registered nurse staffing for health facilities for day shifts and evening shifts, with exceptions for specified circumstances.

The bill requires notification to the state Long-Term Care Ombudsman and residents of the health facility when a health facility is granted a waiver by the Indiana State Department of Health (ISDH) of the direct care nursing staff ratio requirements.

The bill requires the ISDH to enforce the direct care nursing staff ratios and allows the ISDH to cite a health facility with a deficiency for violations of the direct care nursing staff ratio requirements.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary: Direct Care Nursing Staff Ratios:* The ISDH has reported that enforcement of the direct care staffing ratios and the waiver process would require one additional full-time position. The associated cost is estimated to be between \$65,200 to \$71,100 annually in General Funds.

Medicaid Reimbursement: Any fiscal impact would depend on the extent to which current staffing levels are above or below the specified standards. An indeterminate impact on cost to nursing facilities for direct care expenditures would be passed through to Medicaid reimbursement via the direct care cost component of the long-term care rate-setting formula. Since there is a lag in the rate-setting mechanism, this would not happen until after costs would be incurred, reported, and ultimately factored into the facility Medicaid rate.

Indiana Veterans Home: Any fiscal impact on the state-operated Veterans Home would depend on the extent to which current staffing levels are above or below the specified standards.

Background Information: The bill establishes minimum staffing standards requiring that nursing facilities provide at least one direct care nursing staff member for every six residents during the day shift (7:00 AM - 7:00 PM) and at least one direct care nursing staff member for every nine residents during the evening shift (7:00 PM - 7:00 AM). The bill provides that the ISDH may waive the direct care nursing staff ratio requirements if the facility satisfactorily demonstrates to the ISDH that the facility has been unable to recruit the appropriate personnel despite diligent efforts and the ISDH determines that a waiver would not endanger the health or safety of residents. The bill further requires the ISDH to notify the state Long-Term Care Ombudsman and the residents of a facility when a waiver is granted. The ISDH has reported that these provisions would require one additional full-time position to collect and review proposals for waivers, research a facility's diligent efforts, and review annual renewals. The cost associated would be expected to be between \$65,200 to \$71,100 annually in General Funds.

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 33% for most services. Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 67%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues:

Explanation of Local Expenditures: Health and Hospital Corporation of Marion County-owned, municipally-owned, or county-owned nursing facilities or health facilities would be required to implement the staffing standards. Any fiscal impact would depend on whether current staffing levels are above or below the specified standards.

Explanation of Local Revenues: See *Explanation of State Expenditures*, above, as it relates to Health and Hospital Corporation of Marion County, municipally owned, or county-owned nursing facilities' or health facilities' Medicaid reimbursement.

State Agencies Affected: ISDH; FSSA, OMPP, Indiana Veteran's Home.

Local Agencies Affected: Health and Hospital Corporation of Marion County-owned, municipally owned, or county-owned nursing facilities or health facilities.

Information Sources: ISDH, 410 IAC 16.2-3.1-17.

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